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Report Highlights:

In 2001, year-to-date housing starts (Jan-May) declined 5% from last year, and the current forecast is that housing starts will be down at least 5% this year. Japanese lumber supply in 2000 totaled 17,231,000 m3, down 5.1 % from the previous year, while Japan's plywood production in 2000 was 3,218,000 m3, down 1.3 % from the previous year. However, as a result of the performance based standards incorporated into the Housing Quality Assurance Act and Building Standards Law, the use of structural glulam products has increased significantly.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

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I. Executive Summary

As the Japanese economic recovery continues to falter, growing unemployment rate and continued business failures, have affected housing starts. Housing starts remain about the same level last year as the year before. In 2001, year-to-date housing starts (Jan-May) declined 5% from last year, and the current forecast is that housing starts will be down at least 5% this year. Year-to-date wood use as a proportion of housing starts was 45.5%. As a result, lumber demand has dropped and wood market prices have weakened. (See JA1065.) The residential housing sector accounted for 80% of wood use and 84% of wood use if all construction is included, and wood demand in these sectors declined 5% in 2000 to 17,231,000 m3. Japanese furniture and interior imports have increased from 178 billion Yen in 1990 to 329 billion Yen in 2000. (See JA1071.)

Of total log use of 26,526,000 m3 for lumber production in 2000, 48% were domestic and 52% imported. Domestic supply was down 3.4% while imports were down 3.3% from the previous year. Japanese lumber supply in 2000 totaled 17,231,000 m3, down 5.1 % from the previous year, while Japan's plywood production in 2000 was 3,218,000 m3, down 1.3 % from the previous year, 61% of which was hardwood. The year-to-date plywood production (Jan-May) is down 3.8%. However, as a result of the performance based standards incorporated into the Housing Quality Assurance Act and Building Standards Law, the use of structural glulam products has increased significantly. (See JA1062.) In 2000, domestic glulam production was up 16.4% to 892,000 m3 from the previous year. Domestic production of particleboard was also up 6.7% to 1,261,316 m3. The four leading European lumber exporters to Japan (i.e., Finland, Sweden, Russia, Austria) have filled this demand and increased their market share from 19.7% in 1998 to 28.4% in 2000, by volume, and from 17.3% to 24.1 % during the same time period, by value.

For more data and information on Japanese wood and housing market developments, refer to the following attache reports under the Foreign Agricultural Service (FAS) / U.S. Department of Agriculture(USDA) Website at: <http://www.fas.usda.gov>

<u>Report No</u>	<u>Date</u>	<u>Report Title</u>
JA1013	2/5/01	Japan Considering Safeguard Measures on Wood, et al.
JA1024	3/12/01	Japan's proposed Ban against Illegally Harvested Logs.
JA1059	7/13/01	Japan's Policy Priorities for Housing Sector.
JA1060	7/13/01	April Housing Starts - An Update.
JA1061	7/13/01	Industry Forecast for Japan's Wood Imports in 2001.
JA1068	7/13/01	Market Demand for KD Lumber Growing Rapidly in Japan.
JA1058	7/14/01	"Safeguard" Action against Wood Product Imports - An Update.
JA1062	7/18/01	Glulam Market Keeps on Growing for House Constructions.
JA1063	7/18/01	Canada's Log Exports to the U.S. & Japan - Update in 2000.
JA1064	7/18/01	Japanese Lumber Production Declines - 2000 Update.
JA1066	7/18/01	Where is Japan's Secondary (Used) Housing Market?
JA1067	7/18/01	Particleboard & MDF Products, Penetrating Construction &
Furniture		Markets.
JA1054	7/19/01	Sick House Syndrome in Japan - A Key Issue.
JA1069	7/19/01	Japanese Plywood Industry & Marketing 2000.
JA1065	7/23/01	Outlook for 2001 Turning Bearish, as May Housing Starts Perch
		Lower than the same month last year.
JA1071	7/25/01	Japan's Wood Furniture Imports - Update in 2000.

II. Strategic Indicator Tables

1) Construction Market:

STRATEGIC INDICATOR TABLE 1: CONSTRUCTION MARKET			
Country: Japan Report Year: 2001	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (number of units)	1,229,843	1,170,000	1,180,000
--Of which, wood frame	555,814	526,500	531,000
--Of which, steel, masonry, other materials	674,029	643,500	649,000
--Of total starts, residential	1,181,386	1,123,000	1,134,000
----Of residential, single family	585,494	557,000	560,000
----Of residential, multi-family	644,349	613,000	620,000
--Of total starts, commercial	48,457	46,000	46,500
Total Value of Commercial Construction Market (\$US million)	254,250	242,000	235,000
Total Value of Repair and Remodeling Market (\$US million)	N/A	N/A	N/A
Are tariffs on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal	Equal	Equal
Are tariffs on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal	Equal	Equal
Are there market development programs for construction, softwood or plywood imports funded by foreign governments?	No.	No.	No.
If yes, identify the following:			
--Country(ies)	N/A	N/A	N/A
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/	N/A	N/A	N/A
--Estimated annual market expansion outlay (\$US million) by country	N/A	N/A	N/A

Is the acceptability of U.S. style timber frame construction (i.e., per building codes, mortgage availability, etc.) high, medium or low? 3/	High	High	High
Are consumer preferences for solid wood materials vis-a-vis non-wood materials in construction high, medium or low? 3/	High	High	High
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 3/	Medium	Medium	Medium
If price quotes for construction and structural wood products are available, identify the leading source(s)	N/A	N/A	N/A
1/ If other than equal, explain in report text. 2/ If "other", then explain in report text. 3/ If low or medium, explain in report text.			

2) Furniture & Interiors Market:

STRATEGIC INDICATOR TABLE 2: FURNITURE & INTERIORS MARKET			
Country: Japan Report Year: 2001	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (number of units)	1,229,843	1,170,000	1,180,000
Total Number of Households)	47,420,000	47,420,000	47,420,000
Furniture Production (\$US million)-Wooden- Î	2,219	2,100	2,000
Interiors Market Size (\$US million) Ĩ	6,359	6,100	6,000
Total Furniture Imports (\$US million) Đ	3,052	3,000	2,900
Total Furniture Exports (\$US million) Ñ	397	390	380
Are tariffs on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	Equal	Equal	Equal
Are there market development programs for furniture or interiors market expansion funded by foreign governments?	No	No	No
If yes, identify the following:			
--Country(ies) 2/	-	-	-
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 3/	-	-	-
--Estimated annual market expansion outlay (\$US million) by country	-	-	-

From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 4/	Medium	Medium	Medium
If price quotes for furniture and interiors products are available, identify the leading source(s)	-	-	-
1/ If other than equal, explain in text. 2/ If more than one country, report each country individually. 3/ If "other", explain form of subsidy in text. 4/ If low or medium, explain in test.			

Notes:

↑ Covers the following "wooden" products, as classified in the Japanese Government (METI) statistics.

-Chest of drawers (wardrobes, Japanese-style cabinet of drawers, or Tansu, Cabinets of drawers), Dressers, including mirror stands, Shelves (cupboards, other shelves), Desks, Tables, Chairs (sofas, dining chairs, etc.), Beds, System cabinets, other furniture, etc.

↑ Includes the following "metal" furniture in addition to "wooden" furniture.

-Desks and tables, Chairs, Filing cabinets, Storage cabinets, Fire-regardant containers, Kitchen furniture (e.g., Sink cabinets, range tables, cooking tables, system kitchens), Beds, Racks, Partitions, etc.

Ⓓ Covers products under the following HS (Harmonized System) tariff codes in full 9-digits / customs clearance basis.

-9401.40-61-69-30-40-50-80-71-79-90, -9403.30-40-50-60-10-2070-80-90

Ⓔ Covers products under the following HS (Harmonized System) tariff codes in full 9-digits / customs clearance basis.

-9401.40-000, 9401.61-000, 9401.69-000, 9403.30-000, 9403.40-000, 9403.50-000, 9403.60-000, 9401.30-000, 9401.71-000, 9401.79-000, 9403.10-100, 9403.10-900, 9403.20-100, 9403.20-900, 9401.50-000, 9401.80-000, 9403.70-000, 9403.80-000, 9401.90-000, 9403.90-000.

3) Forest Product Tariffs & Taxes:

STRATEGIC INDICATOR TABLE 3: FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Japan Report Year: 2001	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes or Fees 1/	Total Cost of Import	Export Tax
4401.21-22	Wood Chips	Free	Free	5.0	5.0	None
4403.10-20	Softwood Logs	Free	Free	5.0	5.0	None
4403.10.210-230	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.91-92	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.99.190-110-210-290-310-390.	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.10.220	Tropical HW Logs	Free	Free	5.0	5.0	None
4403.41-49	Tropical HW Logs	Free	Free	5.0	5.0	None
4404	Split poles/Piles, etc.	5.0-7.5	5.0-7.5	5.0	10.0-12.5	None
4405	Wood wool, flour	2.5	2.5	5.0	7.5	None
4406	Railway sleepers	Free	Free	5.0	5.0	None

4407.10. Softwood Lumber < 160mm; Thickness						
-110; Pinus spp. Abies spp.	Picea spp; Planed	4.8	4.8	5.0	9.8	None
-121; Pinus spp.	Not planed	4.8	4.8	5.0	9.8	None
-129;	Other species	4.8	4.8	5.0	9.8	None
-210; Genus Larix	Planed or sanded	6	6.0	5.0	11.0	None
-290; Genus Larix	Not planed or sanded	6	6	5.0	11.0	None
4407.91-92	Temperate HW Lbr.	Free	Free	5.0	5.0	None
4407.99.100-210-290-400-500	Temperate HW Lbr.	Free	Free	5.0	5.0	None
4407.24; Tropical HW Lbr.	Virola, Mahogany	Free	Free	5.0	5.0	None
4407.25-26-29; Trop. HW Lbr.	Meranti, Lauan, etc.	6	6.0	5.0	11.0	None
4407.99.310-390	Tropical HW Lbr.	6	6.0	5.0	11.0	None
4408.1	Softwood veneers	5	5.0	5.0	10.0	None
4408.31; Meranti	Hardwood veneers	5	5.0	5.0	10.0	None
4408.39; Padok, Jeltong, Teak	Hardwood veneers	5.0-5.6	5.0-5.6	5.0	10.0-10.6	None
4408.90; Tsuge, Tagayasan, etc.	Hardwood veneers	5.0-5.6	5.0-5.6	5.0	10.0-10.6	None
4409.10; Softwood	Drawn wd, moldings	3.6-5.0	3.6-5.0	5.0	8.6-10.0	None
4409.20; Non-Softwood	Drawn wd, moldings	Free-5.0	Free-5.0	5.0	5.0-10.0	None
4410.11-19; Particleboard,	Wafer boards, OSB	5.0-6.0	5.0-6.0	5.0	10.0-11.0	None
4410-90; Other boards/sheets	Wood materials	5.0-7.9	5.0-7.9	5.0	11.6-12.9	None
4411.11-19; Fiberboard	Density >0.8g/cm3	2.6	2.6	5.0	7.6	None
4412.13 Plywood, veneered panels & similar laminated wood.						
-119	Hardwood Plywood	10.0	10.0	5.0	15.0	None
-122	Hardwood Plywood	8.5	8.5	5.0	13.5	None
-219	Hardwood Plywood	6.0	6.0	5.0	11.0	None
-229	Hardwood Plywood	6.0	6.0	5.0	11.0	None
4412.14.011; Tangué/groove	Hardwood Plywood	6.0	6	5.0	11.0	None
4412.14.019; Others	Hardwood Plywood	6.0	6.0	5.0	11.0	None
4412.19.011; Tang./groove	Softwood Plywood	6.0	6.0	5.0	11.0	None
4412.19.019; Others	Softwood Plywood	6.0	6.0	5.0	11.0	None
4412.22; With 1 trop. ply	Laminated Lumber	6.0	6.0	5.0	11.0	None
4412.23; With 1 particlebd.	Laminated Lumber	6.0	6.0	5.0	11.0	None
4412.29-92-93-99; Oths	Laminated Lumber	6.0	6.0	5.0	11.0	None
4413.00	Densified Wood	7.0	7.0	5.0	12.0	None

4414.00	Wooden Frames	3.2	3.2	5.0	8.2	None
4415; Crates, Pallets,	Packing cases, boxes	2.8	2.8-3.9	5.0	7.8-8.9	None
4416.00; Casks, barrels,	Vats, Tubs, etc.	2.2	2.2	5.0	7.2	None
4417.00; Tools, Tool bodies	Tool Handles, Broom	2.2-2.8	2.2-2.8	5.0	7.7-7.8	None
4418; Builder's Joinery &	Carpentry of Wood	Free-5.0	Free-5.0	5.0	7.0-10.0	None
4419.00; Tableware &	Kitchenware of Wood	2.7-4.7	2.7-4.7	5.0	7.7-9.7	None
4420; Wood Marquetry &	Inlaid Wood, caskets	Free-10.0	Free-10.0	5.0	7.7-15.0	None
4421; Other Articles of	Wood (e.g., hangers)	Free-3.9	Free-3.9	5.0	7.9-8.9	None
9406.00; Prefabricated	Buildings & Parts	Free	Free	5.0	5.0	None
1/ Japanese domestic consumption tax, applicable to all goods and products sold in Japan.						

III. Forest Situation:

- According to a government survey, conducted every 10 years of Japan's forest resources, Japan's total forested and wilderness area as of August 1, 2000, was 24,919,000 hectares, down 0.4% from 1990. This represented 67% of the country's total land area, down from 70.1% from 1960.
- As of August 2000, of the 24,919,000 hectares of forested and wilderness area, the national government owned 7,384,000 hectares, or 29.6%, while private and local government ownership, accounted for 17,535,000 hectares, or 70.4%. The national government share was down 0.8% and private and local government share was down 0.3% over the last 10 years.

Japan's Forested Area By Year and Type of Forest (1,000 Hectares)						
		1960	1990	2000	% Change (2000/1960)	% Change (2000/1990)
Total Forest Area		24,403	24,588	24,441	+ 0.2 %	- 0.6 %
Total Planted Area		23,319	23,771	23,658	+ 1.5 %	- 0.5 %
Plantation Timber Area	Sub-Total	6,162	10,253	10,338	+ 67.8 %	+ 0.8 %
	Softwood	5,846	10,050	10,114	+ 73.0 %	+ 0.6 %
	Hardwood	316	203	224	- 29.1 %	+ 10.3 %

Natural Growth Timber Area	Sub-Total	17,157	13,518	13,320	- 22.4 %	- 1.5 %
	Softwood	3,518	2,401	2,467	- 29.8 %	+ 2.7 %
	Hardwood	13,639	11,117	10,853	- 20.4 %	- 2.4 %
Bamboo Forests		170	145	154	- 9.4 %	+ 6.2 %
Post-harvest Timber area		151	168	131	- 13.2 %	- 22.0 %
Non-planted Timber Area		763	504	498	- 34.7 %	- 1.2 %

(Source: Ministry of Agriculture, Forestry & Fisheries)

IV. Production:

1) Logs:

- Of total log imports of 19,511,000 meters cubed (m3) in 2000, 3,092,000 m3 (15.8%) were South Seas tropical hardwoods, 8,125,000 m3 (41.6%) were North America softwoods and 5,772,000 m3 (29.5%) were Russian softwoods. While South Seas imports declined 14.7% and North America imports declined 4.8 %, Russian imports increased 3.5 % in 2000. Most of this increase was of larch used for plywood production.
- Japan's demand for logs continued to decline to 37,498,000 m3 in 2000, down 3.5 % from previous year. Of this, 17,987,000 m3, or 48%, was supplied domestically and 19,511,000, or 52%, was imported. Domestic log supply declined 4% while imports declined 3.4%, from the previous year.
- Of the total domestic supply of logs, softwood accounted for 14,520,000 m3, or 80.7% and temperate hardwood accounted for 3,467,000 m3, or 19.3%. Domestic softwood log supply was down 3.4 % and temperate hardwood supply was down 6.6% from the previous year.
- Of the 37,498,000 m3 of logs milled in Japan's, 71%, or 26,526,000 m3, went for lumber production and 14% for plywood production, in 2000, down 3.4% from last year. Wood chip use in 2000 was 4,336,000 m3 and pulp industry log use was 836,000 m3, 12% and 2.2%, respectively, of the total volume.

2) Lumber:

- Japanese industry's lumber shipments in 2000 totaled 17,231,000 m3, down 5.1 % from the previous year.
- Reflecting a continued decline, there were 11,692 lumber mills in 2000, down from 12,288 mills the previous year. (See JA1064.)
- Of total log use of 26,526,000 m3 for lumber production in 2000, 48% were domestic and 52%

imported. Domestic supply was down 3.4% while imports were down 3.3% from the previous year.

3) Plywood:

- Japan's total plywood production in 2000 was 3,218,000 m³, down 1.3 % from the previous year. The year-to-date plywood production (Jan-May) is down 3.8%. Hardwood plywood production, using imported tropical hardwood logs, accounted for 61% of total production, while softwood plywood, using mostly larch from Russian and partly radiata pine from New Zealand and Chile, accounted for the rest.
- More veneer and plywood mills closed, and in the end of 2000 there were 354 mills, down from 378 the previous year. Total log use by these mills also declined 2.2 % to 5,401,000 m³ in 2000.
- Production of the concrete plyform is a key indicator for the plywood market. In 2000, as a result of fewer public works and construction projects, demand dropped 14.5% from 803,308,000 sheets (mostly of 3x6 module) in 1999 to 683,764,000 sheets in 2000. Year-to-date production is down 18.7% (Jan-May) and is not expected to recover appreciably during the balance of the year.

4) Glulam (Glue-laminated Wood Products):

- As a result of the performance based standards incorporated into the Housing Quality Assurance Act and Building Standards Law, the use of structural glulam products has increased significantly. (See JA1062.)
- In 2000, domestic glulam production was up 16.4% to 892,000 m³ from the previous year. Non-structural glulam production declined almost 5%, while structural glulam production grew 28.6%.

Japan's Glulam Wood Production (000 m ³)						
Product Line	1995	1996	1997	1998	1999	2000
Structural	208.1	340.1	385.0	374.2	483.7	622.3
Non-Structural	373.8	379.8	370.9	306.8	282.8	269.7
Total	581.9	719.9	755.9	681.0	766.5	892.0
Change Index 1/	106	131	137	124	139	162

(Source: Japan Glulam Manufacturers Association)

1/ Based on 1994 as the base year at 100.

5) Particleboard / Fiberboard Products: (See JA1067.)

- Domestic production of particleboard was up 6.7% to 1,261,316 m³ in 2000. Sixty percent of particleboard goes into the furniture and interiors industry and 36% goes into the housing and construction sectors. Use in 2000 was up 4.7% and 11.6 % from the previous year in these sectors,

respectively.

- MDF (Medium Density Fiberboard) production was also up, 23%, to 432,789 m3.

Japan's Particleboard and Fiberboard Production(Unit-000 m3)							
Product\ Year	1994	1995	1996	1997	1998	1999	2000
Particleboard	1,216	1,252	1,292	1,232	1,075	1,184	1,261
Hardboard	116	117	115	111	87	84	79
M. D. F. 1/	330	317	401	393	321	352	433
Insulation Board	639	644	636	616	507	478	472

(Source: Ministry of International Trade and Industry)

1/ Medium Density Fiberboard.

V. Wood Consumption:

- Economic problems have led to a decline in lumber demand of 5% compared with the previous year.

Industry's Lumber Shipments by Year										
Vol.\Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Volume (000 m3)	28,549	27,711	26,623	26,284	24,766	24,206	21,959	18,875	18,165	17,231
%Change (Yr./Yr)	-5%	-3%	-4%	-1%	-6%	-2%	-9%	-14%	-4%	-5%

(Source: Ministry of Agriculture, Forestry and Fisheries)

- Plywood demand has declined the last several years.

Industry's Plywood Production & Shipments by Year (000 m3 ; Yr.-on-Yr. % change in parenthesis)				
	1997	1998	1999	2000
Shipments	3,968	3,240 (-18.3%)	3,247 (+0.2 %)	3,112 (-4.2%)
Production	4,257	3,267 (-23.2%)	3,261 (-0.2 %)	3,218(-1.3 %)

(Source: Ministry of Agriculture, Forestry & Fisheries)

VI. Market Sector Analysis:

1) Construction Sector:

- Year-to-date housing starts (Jan-May) declined 5% from last year. Year-to-date wood use as a proportion of housing starts was 45.5%, however. (See JA1065.)

Japanese Housing Starts in June, 2001 & Year-to-date Performance (Units)				
Sector	June, 2001	% Change (00/01)	Jan.- June. 2001	% Change (00/01)
Total Starts	101,168	-10.5 %	560,591	- 6.1 %
-Custom housing	36,216	- 9.9 %	195,459	-13.2 %
-Rental housing	37,808	- 5.3 %	199,025	- 0.8 %
-Corporate housing	749	- 11.3 %	4,300	- 27.0 %
-Built-for-sale	26,395	- 17.9 %	161,807	- 2.2 %
Wood-Framed	47,178	- 3.6 %	254,436	- 4.9 %
Wood Share (%)	46.6 %		45.4 %	
By Framing Method				
-Condominiums	15,890	- 20.7 %	100,283	- 3.1 %
-Prefab. Housing (Wood-framed)	13,747 (2,226)	- 7.8 % (- 15.9 %)	78,131 (13,308)	- 5.8 % - 9.2 %
2x4 Wood-framed	6,653	- 1.3 %	35,448	- 0.9 %
By Floor Space (1,000 square meters)				
All Housing Starts	9,610	- 12.9 %	53,817	- 9.3 %
Wood-Framed	5,283	- 7.7 %	28,553	-10.3 %
Wood Share (%)	55.0 %		53.1 %	

(Source: Ministry of Land, Infrastructure & Transport)

- The residential housing sector accounts for 80% of wood use and 84% of wood use if all construction is included. Wood demand in these sectors declined 5% from the previous year to 17,231,000 m3 in 2000.

Lumber Consumption in Housing & Construction Sector (Unit:100,000 m3)

Sector\Yr.	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Housing	223	219	212	212	199	196	175	151	146	138
Civil works	11	9.7	9.9	9.9	9.8	9.2	8.4	7.6	7.2	7.0
Total	234	229	222	222	209	205	183	159	153	145
% Share 1/	82%	83%	83%	84%	84%	85%	83%	84%	84 %	84 %
% Change2/	-5%	-2%	-3%	+/-0	-6%	-2%	-11%	-13%	- 4 %	- 5%

(Source: Ministry of Agriculture, Forestry and Fisheries)

Notes:1/ Percentage share in the industry's total lumber shipments.

2/ Year-on-year percent change.

2) Furniture & Interiors Sector:

- Japanese furniture and interior imports have increased from 178 billion Yen in 1990 to 329 billion Yen in 2000. (See JA1071.)

Lumber Consumption in the Furniture & Interiors Sector										
Volume\Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Volume (000m3)	1,271	1,161	1,030	928	807	710	647	503	417	368
% Share 1/	4.5%	4.2%	3.9%	3.5%	3.3%	2.9%	2.9%	2.7%	2.3%	2.1%
% Change 2/	-12%	-9%	-11%	-10%	-13%	-12%	-9%	-22%	-17%	-12%

(Source: Ministry of Agriculture, Forestry and Fisheries)

1/ Percentage share in the industry's total lumber shipments.

2/ Year-on-year percent change..

3) Material Handling Market:

- With the Japanese economy slowing, this sector remained depressed throughout 2000. While total lumber used for material handling has declined over the last decade, the share of total lumber used has remained constant at about 10%.

Lumber Consumption in the Material Handling Sector										
Volume\ Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Volume (000 m3)	2,909	2,720	2,520	2,386	2,311	2,275	2,287	1,946	1,871	1,862
% Share 1/	10.2 %	9.8 %	9.5 %	9.1 %	9.3 %	9.4 %	10.4 %	10.3 %	10.3 %	10.8 %

% Change 2/	-1%	- 6.5 %	- 7.4 %	- 5.3 %	- 3.1 %	- 1.5 %	+/-0	- 15%	-4%	- 0.5 %
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(Source: Ministry of Agriculture, Forestry and Fisheries)

1/ Percentage share in the industry's total lumber shipments.

2/ Year-on-year percent change.

- As a result of "safeguards" instituted on products imported from China, China has increased inspection on wooden pallets from Japan to guard against a nematode, further injuring the industry. (See JA1035.) In addition, the EU will implement, in October this year, a requirement that lumber on export cargo from Japan, China, U.S. and Canada be kiln dried. This is not customary in Japan and will also hurt this sector. The Japan Federation of Wood Industry Cooperative Associations has been appointed to develop solutions.

VII. Trade Highlights:

European Softwood Lumber Exports to Japan on the Rise

- Exports from the 4 leading European lumber exporters to Japan (i.e., Finland, Sweden, Russia, Austria) increased their market share from 19.7% in 1998 to 28.4% in 2000, by volume, and from 17.3% to 24.1 % during the same time period, by value.

Leading Softwood Lumber Exporters to Japan By Volume						
Exporting Country or Region	1998		1999		2000	
	Volume (000m3)	Market Share	Volume (000 m3)	Market Share	Volume (000 m3)	Market Share
Japan's Total Imports :	6,639	100 %	8,372	100 %	8,807	100 %
Canada	3,795	57.2 %	4,504	53.8 %	4,513	51.2 %
Europe (4 countries) 1/	1,306	19.7 %	2,149	25.7 %	2,502	28.4 %
USA	664	10.0 %	664	7.9 %	575	6.5 %
Leading Softwood Lumber Exporters to Japan By Value						
	Value (\$ mill.)	Market Share	Value (\$ mill.)	Market Share	Value (\$ mill.)	Market Share
Japan's Total Imports	1,890	100 %	2,410	100 %	2,595	100 %
Canada	1,081	57.2 %	1,285	53.3 %	1,368	52.7 %
Europe (4 countries) 1/	327	17.3 %	564	23.4 %	625	24.1 %

USA	222	11.8 %	235	9.7 %	217	8.4 %
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(Source: Japanese Customs Data)

1/ Covering Finland, Sweden, Austria, Russia.

Glue-laminated Wood Imports also Rising Sharply, with European Exporters leading the Growth

- Imports glulam in 2000 increased 63.9% from the previous year.(See JA1062.)

Japan's Glulam Product Imports (m3)				
	1997	1998	1999	2000
Structural Stock 1/	266,733	148,958 (+ 55.8%)	271,264 (+ 82.1 %)	444,591 (+ 63.8 %)
Non-Structural Stock 2/	80,152	66,680 (- 16,8 %)	85,855 (+ 28.7 %)	106,176 (+ 23.7 %)
Total	346,885	215,638 (- 37.8 %)	357,119 (+ 65.6 %)	550,767 (+ 54.2 %)

(Source: Japanese Customs Data)

1/ Stock used for load-bearing members in house framing, such as beams and joists.

2/ Non-structural stock, used often as interior building materials in Japanese post & beam constructions for appearance.

Japanese Structural Glulam Imports in 2000					
From:	Volume (m3)	% Change (00/99)	From:	Volume (m3)	% Change (00/99)
1) Austria	86,305	+ 72.5 %	8) New Zealand	16,908	+ 48.1 %
2) Germany	66,822	+ 115.4 %	9) China	16,008	+130.5 %
3) Finland	65,125	+ 96.4 %	10) Denmark	12,435	+775.1 %
4) Sweden	64,692	+ 63.9 %	11) Norway	6,218	+ 1,861.5 %
5) USA	40,172	- 5.2 %	12) Holland	3,778	+ 233.5 %
6) Canada	35,163	+ 43.3 %	13) Others	3,654	-

7) Russia	27,311	+ 3.9 %	Total Volume	444,591	+ 63.9 %
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(Source: Japanese Customs Data)

Particleboard and MDF (Medium Density Fiberboard) Imports in 2000 Also Grew: (See JA1067.)

Product	Volume	% Change (00/99)
Particleboard (m3) 1/	384,268	+ 1.1 %
MDF (Metric Tons)	317,889	+ 3.3 %

(Source: Japanese Customs Data)

1/ Includes structural panels (i.e., OSB) from North America.

Plywood & Structural Panel Imports (i.e., Oriented Strand Boards) Also Stabilizing, with Indonesia, Malaysia and Canada accounting for over 97% of the Volume as Key Suppliers to Japan

Sources / Years & Changes	Import Volume (000 m3)			% Changes	
	1998	1999	2000	99/98	00/99
Total Imports	3,704	4,523	4,609	+ 22.1 %	+ 1.9 %
From Indonesia	2,235	2,621	2,629	+ 17.3 %	+ 0.3 %
From Malaysia	1,178	1,525	1,650	+ 29.5 %	+ 8.2 %
From Canada 1/	189	232	179	+ 22.8 %	- 22.8 %
Total (3 countries) :	3,602	4,378	4,458	+ 21.5 %	+ 1.8 %
Combined Share :	97.2 %	96.8 %	+ 96.7 %	-0.4 points	-0.1 points

(Source: Japanese Customs Data)

1/ Includes plywood & OSB imports.

IX. PSD Tables & Trade Matrix:**1) Softwood Logs:**

PSD Table						
Country	Japan					
Commodity	Softwood Logs				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	15000	14520	14800	14000	0	13500
Imports	12000	12240	12500	12000	0	11500
TOTAL SUPPLY	27000	26760	27300	26000	0	25000
Exports	0	2	0	2	0	2
Domestic Consumption	27000	26758	27300	25998	0	24998
TOTAL DISTRIBUTION	27000	26760	27300	26000	0	25000

Import Trade Matrix			
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Country	Japan		
Commodity	Softwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:			1
U.S.	3900	U.S.	3706
Others		Others	
Russia	5694	Russia	5259
New Zealand	1609	New Zealand	1838
Canada	836	Canada	1008
Australia	220	Australia	172
South Africa	119	Chile	95
Chile	99	South Africa	90
Malaysia	14	Germany	42
Germany	11	Malaysia	20
China	7		
Laos	7		
Total for Others	8616		8524
Others not Listed	12		10
Grand Total	12528		12240

Export Trade Matrix			
Country	Japan		
Commodity	Softwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:			1
U.S.	0	U.S.	0
Others		Others	
Korea, South	2	Korea, South	2
Total for Others	2		2
Others not Listed	0		0
Grand Total	2		2

2) Temperate Hardwood Logs:

PSD Table						
Country	Japan					
Commodity	Temperate Hardwood Logs				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Production	3600	3467	3600	3300	0	3200
Imports	230	1440	250	1400	0	1350
TOTAL SUPPLY	3830	4907	3850	4700	0	4550
Exports	0	0	0	0	0	0
Domestic Consumption	3830	4907	3850	4700	0	4550
TOTAL DISTRIBUTION	3830	4907	3850	4700	0	4550

Import Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	65	U.S.	71
Others		Others	
Papua N.Guinea	840	Papua N.Guinea	651
Russia	361	Russia	346
Solomon Isls.	156	Solomon Isls.	85
Malaysia	74	Malaysia	75
Guyana	45	South Africa	58
South Africa	17	Guyana	37
China	23	China	37
Chile	9	Chile	15
Australia	10	Australia	12
Total for Others	1535		1316
Others not Listed	24		53
Grand Total	1624		1440

Export Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

3) Tropical Hardwood Logs:

PSD Table						
Country	Japan					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	0	0	0	0	0	0
Imports	2700	2267	2650	2200	0	2100
TOTAL SUPPLY	2700	2267	2650	2200	0	2100
Exports	0	0	0	0	0	0
Domestic Consumption	2700	2267	2650	2200	0	2100
TOTAL DISTRIBUTION	2700	2267	2650	2200	0	2100

Import Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Malaysia	2162	Malaysia	2086
Papua N.Guinea	103	Papua N.Guinea	63
Indonesia	55	Indonesia	39
Gabon	25	Eq.Guinea	36
Cameroun	18	Gabon	23
Eq.Guinea	12		
Total for Others	2375		2247
Others not Listed	24		20
Grand Total	2399		2267

Export Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

4) Wood Chips:

PSD Table						
Country	Japan					
Commodity	Wood Chips				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2000		01/2000
Production	0	5358	0	5300	0	5250
Imports	0	14436	0	14000	0	14000
TOTAL SUPPLY	0	19794	0	19300	0	19250
Exports	0	0	0	0	0	0
Domestic Consumption	0	19794	0	19300	0	19250
TOTAL DISTRIBUTION	0	19794	0	19300	0	19250

Import Trade Matrix			
Country	Japan		
Commodity	Wood Chips		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	1999		2000
U.S.	4064	U.S.	3410
Others		Others	
Australia	3881	Australia	4450
South Africa	1321	South Africa	1580
Chile	1457	Chile	1403
China	571	China	735
Brazil	521	Brazil	532
Canada	334	Canada	459
New Zealand	288	New Zealand	398
Thailand	223	Thailand	378
Vietnam	199	Vietnam	261
Malaysia	177	Malaysia	229
Total for Others	8972		10425
Others not Listed	609		601
Grand Total	13645		14436

Export Trade Matrix			
Country	Japan		
Commodity	Wood Chips		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

5) Softwood Lumber:

PSD Table						
Country	Japan					
Commodity	Softwood Lumber				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	18000	16403	18200	16000	0	15500
Imports	8500	8807	8600	8700	0	8700
TOTAL SUPPLY	26500	25210	26800	24700	0	24200
Exports	0	2	0	2	0	2
Domestic Consumption	26500	25208	26800	24698	0	24198
TOTAL DISTRIBUTION	26500	25210	26800	24700	0	24200

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	664	U.S.	575
Others		Others	
Canada	4504	Canada	4513
Finland	663	Finland	775
Sweden	564	Sweden	655
Austria	463	Russia	555
Russia	458	Austria	517
Chile	435	Chile	494
New Zealand	267	New Zealand	276
China	72	China	91
Germany	45	Czech Republic	63
Czech Republic	43	Germany	47
Total for Others	7514		7986
Others not Listed	194		246
Grand Total	8372		8807

Export Trade Matrix			
Country	Japan		
Commodity	Softwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
China	2	China	2
Total for Others	2		2
Others not Listed	0		0
Grand Total	2		2

6) Temperate Hardwood Lumber:

PSD Table						
Country	Japan					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	650	532	620	510	0	500
Imports	700	571	730	550	0	530
TOTAL SUPPLY	1350	1103	1350	1060	0	1030
Exports	0	0	0	0	0	0
Domestic Consumption	1350	1103	1350	1060	0	1030
TOTAL DISTRIBUTION	1350	1103	1350	1060	0	1030

Import Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	138	U.S.	116
Others		Others	
Indonesia	148	Indonesia	148
Malaysia	102	China	113
China	101	Malaysia	103
Thailand	16	Canada	18
Canada	15	Thailand	17
Brazil	7	Brazil	8
Philippines	6	Australia	7
Australia	5	Germany	7
Germany	4	Philippines	5
Total for Others	404		426
Others not Listed	18		29
Grand Total	560		571

Export Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

7) Tropical Hardwood Lumber:

PSD Table						
Country	Japan					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	700	307	700	300	0	300
Imports	100	573	150	570	0	550
TOTAL SUPPLY	800	880	850	870	0	850
Exports	0	4	0	4	0	3
Domestic Consumption	800	876	850	866	0	847
TOTAL DISTRIBUTION	800	880	850	870	0	850

Import Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Malaysia	213	Malaysia	235
China	127	China	172
Indonesia	113	Indonesia	123
Italy	20	Italy	22
Brazil	7	Brazil	7
Total for Others	480		559
Others not Listed	21		14
Grand Total	501		573

Export Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Germany	1.8	Thailand	0.5
China	0.8	China	0.4
		Vietnam	0.3
		Taiwan	0.3
		Korea, South	0.2
Total for Others	2.6		1.7
Others not Listed	1.4		2.3
Grand Total	4		4

8) Hardwood Plywood:

PSD Table						
Country	Japan					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	2200	1978	2300	1900	0	1850
Imports	4200	4307	4200	4300	0	4200
TOTAL SUPPLY	6400	6285	6500	6200	0	6050
Exports	0	4	0	4	0	3
Domestic Consumption	6400	6281	6500	6196	0	6047
TOTAL DISTRIBUTION	6400	6285	6500	6200	0	6050

Import Trade Matrix			
Country	Japan		
Commodity	Hardwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Indonesia	2612	Indonesia	2615
Malaysia	1523	Malaysia	1646
Brazil	20	China	16
China	13	Brazil	12
Finland	3	Taiwan	4
Taiwan	2	Finland	3
		India	2
		Thailand	2
Total for Others	4173		4300
Others not Listed	11		7
Grand Total	4184		4307

Export Trade Matrix			
Country	Japan		
Commodity	Hardwood Plywood		
Time period	Jan-Dec	Units:	Jan-Dec
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Korea, South	3.9	Korea, South	2
China	0.6		
Total for Others	4.5		2
Others not Listed	1.5		2
Grand Total	6		4

9) Softwood Plywood:

PSD Table						
Country	Japan					
Commodity	Softwood Plywood				1000 CUBIC METERS	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Production	1100	1240	1400	1450	0	1500
Imports	350	302	360	300	0	300
TOTAL SUPPLY	1450	1542	1760	1750	0	1800
Exports	0	0	0	0	0	0
Domestic Consumption	1450	1542	1760	1750	0	1800
TOTAL DISTRIBUTION	1450	1542	1760	1750	0	1800

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1999		2000
U.S.	5	U.S.	4
Others		Others	
Canada	232	Canada	179
New Zealand	69	New Zealand	71
China	13	China	24
Indonesia	9	Indonesia	14
Thailand	5	Malaysia	4
Malaysia	3	Chile	2
		Thailand	2
Total for Others	331		296
Others not Listed	3		2
Grand Total	339		302

Export Trade Matrix			
Country	Japan		
Commodity	Softwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Listed	0		0
Grand Total	0		0

End of report.